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ABSTRACT

This report examines the effects of 3 successive years of tight state budgets, rising student fees, layoffs of part-time instructors, and reduced class offerings on the ability of California community colleges to meet constituent needs. Drawing from interviews with college administrators, faculty members, state officials, and educational authorities as well as reviews of state reports and other students, the report presents information on the negative effects of aggressive marketing and recruiting; differences in the outlooks of state and college officials; college funding and the state master plan; the core of educational access; origins and analysis of the community colleges' enrollment decline; the impact of financial aid; students lost of higher costs and reduced course offerings; perceptions of students attending for personal interest; college funding; where cuts have been made; cutting unfunded enrollment; cutbacks to build reserves; neglect of equipment and maintenance. Specific findings include the following: (1) over the last 2 academic years, enrollment declined nearly 10% from 1,531,900 to 1,376,300, with about 140,000 potential students indicating that they were unable to pay the higher fees or were turned away because of eliminated classes; (2) the colleges received a funding increase of 0.5%, while the consumer price index climbed about 9%; (3) during the 1993-94 academic year, colleges were expecting a 2% funding increase but received a 0.5% cut; (4) colleges were underfunded by at least \$300 billion (about 11% of state support); (5) about 14,000 (11%) course offerings were eliminated; (6) at least 2,800 (9%) part-time faculty were laid off; (7) attempts to increase financial aid have had limited success in offsetting higher fees; and (8) colleges' educational quality has fallen as class size increased, student transfers have dropped, liberal arts and vocational education courses have been cut back, and maintenance of instructional equipment has been curtailed. Contains 18 references. (MAB)

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BROKEN PROMISES

The Impact of Budget Cuts and Fee Increases on the California Community Colleges

A Report from

THE CALIFORNIA HIGHER EDUCATION POLICY CENTER

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BROKEN PROMISES

**The Impact of Budget Cuts and Fee Increases on
the California Community Colleges**

by Jack McCurdy

A Report from
The California Higher Education Policy Center

November 1994

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Foreword

How have three successive years of state budget stringency affected the California Community Colleges? What are the implications of state budgetary and policy decisions for the community colleges' future? Have there been significant changes in the education offered or the students served by these institutions? The California Higher Education Policy Center asked Jack McCurdy to explore these questions, and, in *Broken Promises*, he summarizes his findings. Formerly an education writer for the *Los Angeles Times*, Mr. McCurdy is a California correspondent for the *Chronicle of Higher Education*, and a freelance writer.

The 106 California Community Colleges touch the lives of more Californians than do all the other campuses in the state. Their traditional and primary responsibilities include awarding two-year associate degrees, providing the first two years of baccalaureate education for students who transfer to four-year institutions, and providing vocational and technical training to prepare students for employment. In addition, the colleges provide remedial courses, English as a second language, and noncredit adult programs.

The changes in community college programs mirror the major educational, economic and social changes that California has experienced in recent decades. The colleges have been asked to remedy the educational deficiencies of high school graduates through providing remedial courses, to teach English to recent arrivals from other nations, and, in the face of economic volatility, to train and retrain Californians for changing requirements of the work force. Until recently, the colleges' enrollments soared in times of high unemployment as Californians turned to these institutions to seek new career opportunities.

The 1960 California Master Plan for Higher Education made the state's four-year public colleges and universities among the most selective in the nation, restricting entry for first-time freshmen at the University of California to students in the top twelve and one-half percent of high school graduates (reduced from fifteen percent prior to the Master Plan) and at the California State University to the top third (reduced from fifty percent). These policies "diverted" thousands of students to the community colleges for their first two years of college. The rationale was that increased reliance on the community colleges would lower the costs to the students and to the state, and keep the sizes of four-year colleges and universities manageable. The authors of the Master Plan stated explicitly that "such diversion will not directly prevent any high school graduate from continuing his education beyond the lower division if he can meet the transfer requirements of any four-year institution." Yet, as *Broken Promises* finds, the historic "open door" of opportunity has been closed for thousands of Californians.

The relative importance that should be given to the various functions of community colleges, the effectiveness with which they are carried out, and the changes required to meet future needs are perennial subjects of debate at the state, district and college levels—as they should be. One recent contribution to that debate is the work of the Commission on Innovation of the California Community Colleges. The

Commission's report, *Choosing the Future*, lays out a comprehensive agenda that addresses the educational needs of California's growing and heterogeneous population, the economic restructuring of California, the challenges of using technology to enhance opportunity and educational effectiveness, and the need to maintain and enhance educational opportunity and quality while becoming more cost effective. Many of the report's recommendations are controversial, and no quick consensus could have been expected. But much of the debate has been shallow, with more attention paid to procedural aspects of the Commission's work than to substance. This disappointing response so far raises a critical question about the extent to which the community colleges, the various internal interest groups that legitimately influence policy, and the colleges' legislative allies have the capacity and the will to plan and shape the future rather than waiting to be overrun by it.

A year ago, we issued *On the Brink*, a snapshot of the University of California and the California State University after successive years of state budget cuts. *Broken Promises*, the companion piece to that report, focuses on the California Community Colleges. Taken together, these reports are contributions to the badly needed assessment of the current state of California public higher education. The responses of readers to this and other Center reports are encouraged and welcome.

Patrick M. Callan
Executive Director

Executive Summary

After three years of tight budgets, rising student fees, layoffs of part-time instructors, and reduced class offerings, many of California's 106 public community colleges no longer can meet their statutory obligation to provide education after high school for all eligible students. The sharp fee increases and the state's unwillingness to provide enough money for either enrollment growth or higher operating costs due to inflation have forced the colleges to close the "open door" that has been guaranteed for more than 30 years by California's internationally acclaimed Master Plan for Higher Education.

While public and media attention has been focused on the budget and enrollment problems of the University of California and the California State University, the same problems at the California Community Colleges have gone largely unnoticed. Quietly, without a formal policy debate—without even much public discussion—the door has been closed to tens of thousands of would-be students.

The break with past guarantees of access is by far the most important finding of this nine-month study, which sought to examine how the state's 71 community college districts have fared under state budget constraints of the last three years. This report is based on numerous interviews with college administrators, faculty members, state officials, and education authorities, as well as reviews of state reports and other studies.

The major findings include:

- Enrollment has declined nearly 10 percent over the last two academic years to about 1,376,300—a drop of about 155,600 students from a peak of 1,531,900 in 1991, community college officials reported. About 140,000 of the 155,600 fewer students wanted to enroll but were either unable to pay the higher fees or were turned away because the classes they wanted had been eliminated, system studies show.
- From 1990–91 to 1993–94, the community colleges received an increase of only \$14 million—or 0.5 percent—in operational funds to pay faculty and nonacademic employees, buy supplies, maintain campuses, and meet other expenses. At the same time, the state's consumer price index climbed about 9 percent, forcing campuses to cut classes and slash other spending to maintain balanced budgets.
- The 1993–94 academic year was the worst for the colleges in more than a decade. Expecting about a 2 percent funding increase contained in the state budget, the colleges instead were cut by 0.5 percent after revenues from property taxes plummeted by \$120 million, which required additional midyear cuts in spending, hiring freezes and depletion of budget reserves.
- The consequence of this fiscal starvation is that the colleges are underfunded by at least \$300 million—about 11 percent of current state support—which is how much it would cost to provide the classes, counseling and other instructional services for the 140,000 students who wanted to attend college but could not, college officials say.
- Even though California Community Colleges fees—\$13 per unit, or \$156 per semester for a student who carries 12 units—still are among the lowest in the nation, they have more than doubled in the past three years, forcing thousands of low-income students out of the system. These are the students who are most in need of convenient, low-cost access to higher education, and whom the two-year colleges have traditionally served.

The picture that emerges in this report is clear: higher fees and lack of adequate state financial support have severely impacted the colleges' programs and have crippled their mission under the state's Master Plan for Higher Education.

- About 14,000 course sections—10 percent of the colleges' curriculum offerings—have been eliminated throughout the system over a three-year period, officials estimate. Many colleges reported long waiting lists for classes in math, English and science. Growing numbers of students are complaining that a lack of classes is preventing them from completing community college programs in two years.
- At least nine percent or 2,800 of the part-time faculty at the community colleges have been laid off, accounting for much of the reduction in course sections.
- The passage of Proposition 13, the 1978 property tax limitation measure, led to financial problems for the community colleges because it cut heavily into the colleges' two main funding sources: the state general fund and local property taxes. Since the enactment of Proposition 13, the community colleges have run into serious financial problems three times: in the late 1970s, the early 1980s and now.
- State financing of the colleges suffered an historic blow in 1981 when former Governor George Deukmejian and the Legislature capped funding of statewide community college enrollment growth. Even in districts where the general population is growing and college enrollment demand is strong, the state-mandated cap often prevents state funding from keeping pace with the actual increase in students.
- As a result, many districts have cut course sections to reduce enrollment in order to stay within the funding cap, resulting in thousands of eligible students being turned away for lack of classes. In 1993–94, officials estimate the colleges carried about 46,000 “unfunded” students, for whom the colleges received no state money because of the cap.
- Governor Pete Wilson and the Legislature have increased student financial aid in an attempt to offset the impact of higher fees but these efforts have met with only limited success.
- The quality of the colleges' educational program seems to have been eroded as class sizes have increased, the number of students transferring to four-year institutions has dropped, liberal arts and vocational education classes have been cut back, and money for the repair and replacement of instructional equipment and materials has been lacking.
- In 1991–92 and 1992–93, some colleges built up large budget reserves even as they were laying off instructors, eliminating course sections and slashing funds for campus maintenance. Officials have defended the stockpiling of reserves as necessary to protect against funding uncertainties caused chiefly by unexpected drops in revenues from property taxes.
- The colleges' case for being underfunded, however, is clouded by lingering questions over how many students are enrolled for “personal interest” activities, such as physical fitness and learning conversational French for a European vacation. Lawmakers have made it clear they want state funding of such students eliminated.

Documenting the plight of the community colleges is made difficult by a statewide system that often resembles a loose confederation of 71 districts unprepared or unwilling to generate the data needed to explain why better funding and lower fees are worth supporting. Their diversity in size, location, clientele, and tradition hampers efforts to generalize about the 106 colleges. And the ability of the statewide community college chancellor's office to produce useful systemwide information has been hampered by steep staff cuts and by the unwillingness of some districts to provide information.

Nevertheless, the picture that emerges in this report is clear: higher fees and lack of adequate state financial support have severely impacted the colleges' programs and have crippled their mission under the state's Master Plan for Higher Education.

The California Community Colleges, as one state report has pointed out, were envisioned by the Master Plan for Higher Education as the backbone of California's system of higher education, the last bastion of low-cost access, the place where undergraduate students could get into classes even when the four-year systems would not or could not accommodate them.

They are no longer playing that role.

After three years of tight budgets, rising student fees, layoffs of part-time instructors, and reduced class offerings, many of California's 106 public community colleges no longer can meet their statutory obligation to provide education after high school for all eligible students. The sharp fee increases and the state's unwillingness to provide enough money for either enrollment growth or higher operating costs due to inflation have forced the colleges to close the "open door" that has been guaranteed for more than 30 years by the Master Plan. Quietly, without a formal policy debate—without even much public discussion—the door has been closed to tens of thousands of would-be students.

While it is still true, technically, that any eligible adult—which means practically anyone—can enroll in a California community college, only the illusion of access exists. Higher fees are turning away many students.

Others, once admitted, often find that the classes they need or want are either full or not offered, so they drop out. Thus, while the state may be complying with the letter of the law embodying the Master Plan, the spirit and practical meaning of the law have been abandoned.

That is what counts for students. That is why there are 155,600 fewer of them now than there were two years ago.

Constriction comes at a particularly bad time for the state and for the colleges' ability to fulfill one of their two priority instructional missions under the Master Plan: providing occupational training. Although there is a relentless demand for more education from a populace that increasingly views skills, training and knowledge as prerequisites for success in the 1990s and beyond, the two-year colleges cannot meet the demand.

"The Master Plan is more important now because the stakes are higher," David Mertes, chancellor of the California Community Colleges, said.

According to a systemwide report, the "need for job-skills training and retraining in California during the 1990s [is] greater than at any time in the state's history." Forty percent of the colleges' enrollment is in "career skills" programs, which offer training that should

TELLING THE STORY

Although the California Community Colleges have a compelling and disturbing story to tell—of stagnant funding, plummeting enrollments, dwindling class sections, rising class size, and physical deterioration on many campuses—they seem strangely unable or unwilling to tell it.

By comparison, the budget woes of the University of California and California State University have been well documented. But the funding problems of the community colleges, in some ways more serious than those of the four-year institutions, have not been explained to the general public.

Some of the reasons for this are understandable. The 71 community college districts, with 106 separate campuses, vary greatly and are much less a system than either UC or CSU. Severe budget cuts at statewide headquarters in Sacramento have made it difficult for Chancellor David Mertes and his staff to gather accurate systemwide data and to publicize the information they do have.

In addition, explaining these funding and enrollment problems is not easy. The community colleges are governed by a maze of laws, regulations, formulas, and even unwritten rules for calculating their finances. Emphasizing that computing a district's revenues "is a relatively complex procedure," one fiscal report undertook to make it "understandable to someone besides a nuclear physicist." But little light shone through.

Part of the blame for failing to explain the financial plight of the two-year colleges lies with the news media. Some small dailies and suburban newspapers do a good job of covering their local community colleges but most large-circulation newspapers and other major media tend to ignore the two-year schools, even though they enroll more than 60 percent of all the students in public higher education in the state.

A substantial part of the problem, however, can also be traced to the inability or unwillingness of local colleges and districts—or the statewide chancellor's office—to provide the information that would enable the press or the general public to understand their plight.

In the preparation of this report, for example, requests to local colleges and districts for data about their fiscal condition often were met with the reply that the information was not readily available. The requests—for budget totals, breakdown on enrollment losses, class size averages, numbers of course sections, faculty layoffs, and the like—were for basic information that should have been at the fingertips of campus and district

have helped ease the state and its people through the deep recession, economic restructuring and industry downsizing of this period.

Many of the jobs lost during this economic transformation will never reappear, leaving thousands who "will need to be retrained for other careers, many of whom are and can be taught at community colleges," the report said. The colleges, however, have been "unable to meet their obligations for retraining the unemployed during this recession" because classes in many occupational fields have been cut back and new, higher fees have made enrollment too costly. This inability of the colleges to play their customary role in helping the state through recession, when their enrollments normally grow, "could impede California's economic recovery," the report said.

Another significant consequence of the higher fees and tight budgets has been their disproportionate effect on low-income and minority students. The "fee increases are most likely to impact those students who report the lowest incomes." Hispanics and first-generation Asian-Americans, for example, who represent the fastest-growing ethnic groups in California, a system report said. "Consequently, fee increases may well have a major impact on the ability of the community colleges to educate, at the postsecondary level, the increasingly diverse California population."

Twice before—in 1978 and in 1982–84—the community colleges suffered big enrollment losses from state funding cuts and higher fees, raising questions about access guarantees. But the drop-offs and fears proved temporary.

officials.

In response to one request, an official of one large community college district said, "We don't have good noncredit enrollment data," and let it go at that. Another district said enrollment figures for fall 1991 simply were not available—period.

While some colleges report complete financial data to Chancellor Mertes and his statewide staff in Sacramento, others do not.

According to a group of consultants that reported two years ago, some college officials expressed

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Funding and enrollments bounced back in subsequent years as the state's powerful economy revived and the state tax revenues that help fund the colleges rebounded.

This time it may be different, for there is growing concern that the state will never again be able to support the community colleges—and higher education in general—at levels of the past. A major problem is that the community colleges need so much just to make up what they have lost in funding over the last few years.

The college system estimates its \$3 billion budget is underfunded somewhere between \$300 million (which would be required to enroll the students who have been turned away) and \$2.1 billion (which is what the colleges should be entitled to under A.B. 1725, the community college reform legislation adopted in 1988). It may be impossible to restore such huge amounts in what are likely to be stringent times ahead for state-funded agencies like the colleges.

Further, these funds would just meet current enrollment demand—without considering future growth. The system faces projected growth of more than 400,000 students by the year 2005. The state has failed to fully fund enrollment increases in recent years, and it remains uncertain whether it will do so in the future, which could mean that the underfunded gap will only continue to grow.

Therefore, funding and fee obstacles to the open door could become permanent. The Master Plan's guarantee of broad access could be rendered truly obsolete if the state's reshaped economy does not recover its past strength.

Aggressive Marketing and Recruiting

Another threat to open access may come from the California Community Colleges themselves.

The colleges have been enormously successful, especially during the last 20 years.

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concern "about the uses that others will make of the information and sometimes are reluctant to share information with the Department of Finance, the California Postsecondary Education Commission, or the chancellor's office if it seems to reflect badly on their institutions." The consultants' report quoted one local administrator as saying, "Why [should the colleges] sharpen their guillotine?"

Some community college officials fear that telling the public just how bad conditions are on many campuses will cause prospective students to go elsewhere. "There is a consensus among the college presidents about not scaring students away," said one former community college administrator with both local campus and statewide experience. "The feeling is that once you tell the reality of it, people flee."

Even when Mertes and his staff receive reasonably thorough information from the field, inefficient information systems and internal turf wars sometimes interfere with their ability to tell a coherent story to the Department of Finance, the Legislative Analyst's Office and other interested parties.

For instance, data collection by the chancellor's office has been hindered by the failure of its management information system to become fully operational. More than \$10 million has been spent since it was launched seven years ago, but the system still is not finished, largely because of cutbacks in staff for development.

Also, the chancellor's public relations staff, which might be able to relay compelling stories concerning the community colleges' budgetary plight to the news media and the general public, consists of one person on a temporary one-year assignment.

Some in Sacramento believe that Chancellor Mertes may not want to highlight funding and fee issues because most members of the colleges' Board of Governors—Mertes' bosses—were appointed by Governor Pete Wilson. And it was Wilson administration proposals, of course, that led to higher student fees and inadequate community college funding.

But the risk that community college officials run with a "speak no evil" approach is that if they do not find a way to tell the story of their financial crisis effectively, there will be no public sympathy for the two-year colleges and no public pressure on elected officials to improve their funding or to hold down student fees. The result of *that* could be the continuing slow, steady decline of the community colleges.

—Jack McCurdy

LOS ANGELES COMMUNITY COLLEGE DISTRICT

The Los Angeles Community College District, the largest in the state, the nation and probably the world, lost more students last year than 27 California community college districts had in total enrollment. Since 1991, enrollment in the nine-campus district has dropped 17 percent: from almost 117,000 to an estimated 96,500 in spring 1994. The huge decline resulted from a combination of underfunding by the state and enrollment losses brought on by higher student fees and campus dislocations from last January's earthquake.

Since 1991, the big district has been forced to slash five percent from its operating budget—about \$12 million—even though salaries and other costs have been rising. A major contributing factor has been several unanticipated reductions in revenue from property taxes during 1993–94, which have forced budget cuts and may require additional cuts this year.

To trim spending, the district has reduced the ranks of part-time faculty by 9 percent this year and by 13 percent since 1991, district reports show. Almost 1,900 class sections have been eliminated in the last three years—15 percent of the sections offered at the nine campuses.

Martin Hittelman, a professor at Valley College in the San Fernando Valley and a top official of the districtwide faculty union, said most of the discontinued sections were in English, mathematics and business, all of which are high-demand areas staffed primarily by part-time faculty.

Donald G. Phelps, who resigned as district chancellor last December to become a college professor, estimated that the elimination of course sections has caused as many as 100,000 students to be turned away because they were unable to get the classes they needed.

The student/teacher ratio has increased from 29 to 1 in 1989 to almost 33 to 1 this year as a result of faculty members agreeing to accept more students into their classes. The ratio was 26 to 1 in the mid-1980s.

Financial frustration led Lowell Erickson, president of Pierce College, to resign shortly after the spring 1994 semester began. Erickson said the fiscal problems at his campus were becoming intolerable and were affecting his health.

Enrollment at Pierce has dropped 18 percent in the last two years. The \$50-a-unit fee for students with bachelor's degrees, which was

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They now serve 1 in 14 adults in the state, although that is down from 1 in 11 in the early 1980s. They remain the cheapest way by far for the state to fund the undergraduate education of college students.

Yet even so, the colleges have long been criticized for their aggressive recruiting and "marketing" efforts to create what some have complained is an artificial demand for college enrollment, especially when it is not centered in traditional academic and vocational programs.

Even amid their greatest growth period, an uneasiness began to surface. For instance, in 1979 Professor Arthur M. Cohen of UCLA raised the question of whether the colleges could become victims of their own success. Cohen pointed out that emphasis on access shifted in the 1970s from occupational training and providing undergraduate preparation for transfer to four-year institutions—their other main mission under the Master Plan—to "access for new types of students: women, middle-aged people, senior citizens and minorities."

Later in the decade, the community colleges began to serve as acculturation centers for the growing numbers of new immigrants from Asia and Mexico. At the same time, the state and federal governments charged the colleges with the task of teaching basic skills to inadequately prepared high school graduates and semi-literate adults, whose numbers also were rising.

Also in the 1970s, many colleges launched recruiting and marketing campaigns to attract more students in line with the state's pledge in the Master Plan that "open access to community colleges must be assured for all adults who can benefit from instruction." One college leader suggested, Cohen noted, that the colleges' success should be judged by "how successful we are in promoting the concept of lifelong learning."

As one top college system official said, "We took the approach that if any adult wanted

to enroll, we would try to take care of his needs. We also acted like we had a blank check to go out and get enrollment and the state would pay for it. Sometimes we have created our own problems."

For example, Foothill College in Los Altos Hills, an affluent community on the peninsula south of San Francisco, offers college credit to members of drama groups and music ensembles, whose college attendance consists of little more than performing in *As You Like It* or playing the flute. Lassen College, in the remote, thinly populated northeastern corner of the state, adds to its enrollment by running cosmetology schools in Nevada and a softball league in Alturas, 100 miles north of the main campus in Susanville.

This chase after any and all students has produced confusion in the public's mind over the legitimate mission of the colleges, Cohen and others have argued. Some politicians have complained about lagging rates of student transfers to universities and blamed it on the "marginal" students crowding out the "serious" students. As steadily rising enrollments drove up costs, elected officials began to balk at spending tax dollars on "personal interest" or avocational classes in art, crafts and recreation, which seemed to be far afield from the colleges' primary missions.

Many college officials have claimed, however, that aggressive marketing or recruiting has been shaped largely by state policy. Robert Gabriner, director of development and research at San Francisco City College, noted that the colleges "are driven by the need to find students" since funding formulas are based on the amount of student contact with faculty members.

Local college officials have had a hard time curbing personal interest students and classes because "these courses were profitable," former chancellor Gerald Hayward wrote in *External Influences on the Curriculum*. "The revenues they generated," Hayward reported, "exceeded their costs."

Hayward went on to argue, however, that

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imposed by Governor Wilson and the Legislature last year, has hit especially hard at Pierce, which lost 61 percent of those students. Faced with a \$2 million deficit in its \$23 million budget this year, the college will be forced to borrow money from the district to balance the budget and then pay it back in installments in future years, which will further deplete available revenues.

Pierce also lost \$1.3 million last year to the district "stabilization fund," which was set up several years ago to take money from the larger campuses like Pierce and give it to three under-enrolled schools, enabling them to provide a wider range of student services, such as counseling, which the better-attended campuses can afford more easily.

Then the January 17 earthquake struck, its epicenter only a short distance from Pierce. The library, men's gymnasium and women's gymnasium were heavily damaged and classrooms and offices were covered with breakage. The cost of repairing the campus is estimated to be more than \$5 million.

Farther north in the San Fernando Valley, the earthquake was partly responsible for an unprecedented 18 percent enrollment drop at the district's newest campus, Mission, which serves a population made up largely of Hispanics and other minorities. Higher fees and lack of available classes were the principal reasons for the decline, officials said, but the earthquake was a contributing factor.

"Many lost their homes, their jobs and they just left the area," said Victoria Munoz Richart, former vice president for academic affairs at Mission. The campus was closed for a time to clean up damage caused by broken water pipes but no structural damage was found.

Mission, Pierce and the other seven district colleges are caught in what has been described as a "downward spiral" in a gloomy fiscal report issued by the district last year. "While the state is experiencing a prolonged economic recession, another dark era in the history of the Los Angeles Community College District is about to begin," the report said. It went on to describe a "destructive" cycle in which enrollments drop, budgets are cut and student fees are raised, all leading to another enrollment decline and another "destructive" cycle.

"We feel like we're constantly under assault," Hittelman said. "Every year is a battle. There is no time to think of making improvements."

—Jack McCurdy

the "existence of the so-called recreational and avocational courses . . . proved to be an albatross around the neck of the colleges. . . . All the many good things the colleges did were tainted by the broad brush of these low-priority expenditures. . . . There is no question that their continued existence [has] made it extremely difficult to justify new state expenditures for community colleges at a time of relative fiscal stringency."

Although college officials insist most state funding of these students has been ended, a legacy of doubt remains—a legacy that carries over into other related issues.

For instance, in recent years the biggest portion of enrollment growth has been in remedial, basic skills and English-as-a-second-language classes. Even in this subject area, legislators and staff members have questioned whether transfer and occupational offerings could be losing out in competition with the surge in remedial demand, which, some legislators argue, has served to cloud the colleges' mission even more.

By their deeds, California governors and legislators over the last 15 years have demonstrated a conviction that there is a limit to how many community college students the state can afford, regardless of demand.

In large part, A.B. 1725 was enacted in 1988 to restate and clarify the colleges' mission within the state's framework of higher education and to help restore the confidence of lawmakers in the colleges. It also gave the colleges an infusion of new money. The new law, however, hasn't erased the lingering confusion over the community colleges' role, and it certainly has not prevented continuing funding woes.

With this confusion and California's worsening fiscal problems as the backdrop, state lawmakers have taken three pivotal actions to control fiscal support of the community colleges. They have:

- limited funding of personal interest classes;
- placed a cap on state funding of community college enrollment growth in general; and
- imposed, just last year, differential fees to discourage attendance by students who already hold bachelor's degrees.

Thus, whatever the political rhetoric in support of the Master Plan's guarantee of full access, lawmakers already have adopted an unstated policy of limiting enrollments. Having been warned by college officials, based on past experience, that higher fees would surely reduce enrollments, governors and lawmakers nevertheless have approved fee increases that have reduced access.

A Difference in Outlook between State and College Officials

Underfunding of the community colleges sometimes has been rationalized by state officials as necessary to force the colleges to use increasingly limited state funds in ways that give top priority—as called for in the Master Plan—to transfer and occupational training programs. In their view, appropriations for programs and financial aid to offset higher fees should by themselves be sufficient to allow the colleges to maintain their primary missions, even if some students with lower-priority pursuits are squeezed out as a result.

How well that has worked is unclear because neither local campus officials nor the state chancellor's office in Sacramento can provide reliable, consistent data. The state chancellor's office estimates that more than half of the two-year enrollment drop was due to fee increases. They also estimate that 140,000 persons who would have enrolled have been turned away. They do not know, however, how many of these 140,000 persons would have enrolled in transfer or occupational programs and how many would have taken personal interest courses and other classes with a lower priority. Nor can officials say what kind of course sections were cut among

the 14,000 that were eliminated throughout the system, although a study concerning this issue is in progress.

This lack of solid information exasperates the Legislature and state agencies that must deal with the community colleges and probably helps to undermine confidence in the colleges' commitment to high-priority programs.

One reason the data are inadequate is that many community colleges keep the information to themselves, refusing to share it with the chancellor's office, one study showed. Another reason is that state financial support for Chancellor Mertes' office has been cut by 44 percent over the last three years, making it difficult for his staff to provide reliable systemwide data, even when individual colleges do produce the information.

Most college and state officials who are familiar with the system, however, agree that many, if not most, of those students unable to enroll this year are seeking a liberal arts credit program for transfer to a university, technical training to find a job, or basic English skills to get a start up the education ladder—just the kinds of students who, most elected officials feel, should have ready access to college.

At the heart of the access issue is an emerging fundamental difference between state officials and college leaders that is rarely, if ever, discussed openly. By their deeds, California governors and legislators over the last 15 years have demonstrated a conviction that there is a limit to how many community college students the state can afford, regardless of demand. But college leaders tend to interpret the Master Plan literally, assuming that the state should pay its share for all who want to go to college because education is the best investment the state can make in its own future. And many in the community college ranks believe that gives them the right—maybe even an obligation—to go out and recruit students.

This difference in outlook goes far in explaining the recurring conflict between state

leaders and college officials over enrollment growth, the failure of state officials to come to the aid of the underfunded colleges, even in flush budget times, and the waning state commitment to access.

College Funding and the Master Plan

Actually, most state reports have depicted a relatively bright fiscal picture for the California Community Colleges over the last three years. While the state budget plunged deeper into the red and the University of California and the California State University suffered major budget cuts, state funding for the two-year colleges increased each year, although only by small amounts.

Even in 1993–94, the worst year for public higher education in California since the Great Depression, the community colleges were budgeted to receive about a two percent increase of \$41 million, prompting faculty leader Patrick McCallum to declare, "It's hard to see this year's community college budget as anything but a political victory. . . . We came out ahead."

(Fiscal reports showed that UC and CSU received state funding cuts, but those reductions were more than offset by other revenues from student fees and savings from early retirement programs that were not included in the reports.)

Part of the reason for his elation is that McCallum, executive director of the Faculty Association of California Community Colleges, and other college officials had feared much worse last year; although Governor Wilson had proposed an 11 percent cut in the colleges' budget and a tripling of fees—from \$10 to \$30 a unit—the Legislature rejected the cut and limited the new fee to \$13.

By most accounts, the community colleges won the battle against the big cut and the \$30 fee by mounting one of their best lobbying campaigns in many years. One legislative staff

PERALTA COMMUNITY COLLEGE DISTRICT

After almost plunging into bankruptcy in the mid-1980s, the Peralta Community College District, which includes four colleges in Oakland, Berkeley and Alameda, was on its way to making a remarkable turnaround by the end of the decade. But three years of inadequate state funding and severe enrollment losses—due in part to higher student fees—now threaten its recovery.

In 1987, the district became the first in California to be taken over by the state. Two monitors were assigned to run Peralta's four colleges—Alameda, Laney, Merritt and Vista—as a condition of a \$3 million state loan that enabled Peralta to stave off insolvency. This came after several years of budget cutbacks, falling enrollments, questionable pay raises, and fractious governing board elections had soured the district's reputation, and many students were opting to attend other two-year colleges in the region.

Peralta's fortunes began to recover in 1988, however, after newly elected board members and Robert Scannell, the new chancellor, restructured fiscal operations. The loan was paid off by 1990, three years ahead of schedule. Voters approved a \$50 million bond issue to pay for badly needed campus repairs. Enrollment began to rise again.

"Six years ago when I came in, we had bottomed out and were starting up," Scannell said. "We're still coming through recovery but if our funding had continued [upward], we would have been fully recovered by now."

Instead, the district has received less than two percent in increased state funding for the 1991-92 and 1992-93 academic years combined, and was cut three percent last year. With fees rising steadily, enrollment has plunged 14 percent, and the district once again is scrambling to stay out of the red.

More than 750 course sections—17 percent of district offerings—were cut between 1990-91 and 1992-93, reports show. Hundreds of students are on waiting lists for English, math and science classes. "The main reason we had to turn students away from science classes is because we have been unable to buy supplies," Scannell said.

Merritt College in Oakland has eliminated many courses in electronics, horticulture, real estate, and physical education, said Carrie Douglas, dean of instruction. Next to go may be vocational education classes that are too costly because they require small classes and expensive equipment. "The funding doesn't completely

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member said that normally, the two-year colleges represent something of an "after-thought" compared to the attention that UC and CSU get from the Legislature. But according to David Viar, executive director of the Community College League of California, which represents the state's 71 college districts, the colleges fared better during those three years because legislators felt the colleges had suffered greater funding cuts in the past compared to UC and CSU. It was also, he added, because "the colleges had not been racked by controversy" the way UC and CSU have in recent years over generous executive pay and "golden parachute" retirement benefits.

Mertes said that although the colleges seemingly have done well compared to UC and CSU, "we have received insufficient funds to carry out our role under the Master Plan." For instance, the funding increase in the state budget for 1993-94 turned out to be illusory, requiring cutbacks that have not been widely reported. The cutbacks were caused by an unexpected drop in property tax revenues, which more than offset the slight budget increase (see pages 18-22).

The "Core of Access"

In fact, the colleges have experienced the biggest enrollment decline among the three systems of higher education in California—and one of the worst in their history. These enrollment losses appear to be a direct violation of the Donahoe Act, the state law in which the original Master Plan for Higher Education was incorporated in 1960, guaranteeing undergraduate access to state-supported colleges and universities.

Under the Donahoe Act, the primary responsibility for this broad access seems to fall to the community colleges because they are required to enroll virtually anyone 18 years or older, while the University of California and the California State University together are restricted to accepting only the top one-third of high school graduates based on academic achievement.

"The Master Plan placed community colleges at the core of California's commitment to universal access to higher education," Kirk L. Knutsen wrote in *Beyond Business As Usual*, a report on higher education published by the California Research Bureau.

A 1993 report of the California Postsecondary Education Commission (CPEC) notes that the Master Plan "did not intend that all eligible freshmen would be admitted to the [higher education] system and campus of their choice." Drafters of the plan realized that "the state could not afford such access to the universities" at the undergraduate level, the report said.

"Instead, it promised that all qualified students . . . would have access to an upper-division baccalaureate-degree program in one of the public university systems, but with the understanding that they might have to begin their studies in a locally-financed community college," the CPEC report stated. The "policy of maintaining open access to the community colleges" was given prominence in the Master Plan so that even if admission to UC and CSU were curtailed—as it has been in recent years—the access principle would still be intact if the door to the community colleges remained open.

The CPEC report continued, however, to state that "fiscal conditions have now made it virtually impossible for the state to fulfill this commitment [of maintaining access to the community colleges] to the satisfaction of all." The fiscal conditions, it said, include the enrollment cap that limits growth in spite of demand, and the colleges' inability to "offer courses and course sections sufficient to the needs of the students they enroll."

"Thus, access to the colleges remains open but not to the programs and courses that students may need to achieve their objectives," it concluded. (The higher fees enacted in 1993 were another important factor in holding down enrollment in the colleges, but the CPEC report was written before they went into effect.)

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support vocational," Douglas said. "We have to ask whether we can continue some of these expensive programs."

District class size has increased from 33 to 1 in fall 1990, to 36 to 1. At College of the Alameda and Laney College it has jumped to a whopping 39 to 1. Other districtwide cost-cutting measures have included strict limits on new instructional equipment purchases and an early retirement program that resulted in the departure of about 50 of the district's 300 permanent faculty members.

At the same time cuts were being made, however, the district provided an eight percent pay increase for faculty and other employees in 1992. Scannell said the salary agreement "did not jeopardize the budget but it did prevent us from providing some instructional programs." The increase was justified, he said, because faculty salaries were, and still are, among the lowest in the state, and Peralta has not been able to compete for faculty talent with nearby community college districts that pay better.

The shortage of funds has forced president Marie Smith of the College of the Alameda to concentrate on making "conservative decisions to maintain our enrollment and not slip back" into the fiscal turmoil of the 1980s. Through vigorous student recruiting and "community outreach" programs, Smith and her colleagues have avoided a sharp decline. As a result, Alameda's enrollment of 5,749 during fall 1993 was only a few students smaller than the year before.

Another reason enrollment has held up, Smith said, is that many UC and CSU students, unable to get classes they need or unwilling to pay increasingly stiff fees at the four-year institutions, are coming to the College of the Alameda for introductory courses. But there is a downside to this turn of events.

These students "are not really the ones we are supposed to be here for," she said. "They are very motivated, quick to learn the system and usually first in line. They are pushing out the less sophisticated students, especially the ones who are new to this country and who critically need our services to maintain themselves in a new culture."

"We used to be known as 'last-chance' institutions," Smith added. "Now, I don't know."

—Jack McCurdy

The Legislative Analyst's Office reached a conclusion similar to CPEC's, stating in a 1993 report that "our review indicates that the

state does not have sufficient funding to meet the current Master Plan goal of open access" in the community colleges.

Donald Phelps, in an interview before leaving his post as chancellor of the Los Angeles Community College District late last year, said: "For all intents and purposes, the Master Plan has been discarded for the last three years."

When Governor Wilson remarked recently that "our community colleges are open to all," he didn't say whether the students would be able to find an opening in a class once they were enrolled.

As the CPEC report pointed out, governors and legislators can rightly claim that in a technical sense compliance with the Master Plan is achieved when the colleges—as they do—allow all students to enroll, even if the class offerings that students want or need are unavailable. Or, if for some reason legislators chose to abandon the access guarantee outright, they have the authority to waive the Donahoe Act's provisions by legislative fiat, a veteran legislative staff member said. Either claiming technical compliance or waiving the guarantee in law "is not illegal but it is insidious," the staff member said. "They [the Legislature] should modify the plan or make more classes available."

But amending the Donahoe Act to acknowledge that the state is unable or chooses not to abide by the spirit of the Master Plan would require a formal policy discussion, which would likely cause a political uproar. It has been much easier for lawmakers to emasculate the plan piecemeal through less-visible budget decisions. There has been no public debate on whether the plan still has real meaning as the main policy statement guiding higher education in California. And the media have paid little attention to this fundamental issue.

Glee Johnson, Governor Wilson's chief deputy legislative secretary, said the Wilson administration "has had real trouble funding

the community colleges," which is ironic, she noted, considering that Proposition 98, approved by voters in 1989, was supposed to provide better funding of the colleges. Despite Proposition 98, Johnson said the colleges' budget has grown "much tighter" but "is still better than almost anything else in the state budget."

The administration, she said, is "very conscious" that access is the key to the community colleges' mission. "The tenets of the Master Plan may have to be looked at," Johnson said. "We certainly are not ready to scrap it. It is an idealistic notion and we don't want to abandon that. But we have to be realistic that budget problems require that cuts have to be made to get through this period."

Johnson said that administration officials have urged all three systems to "reexamine how you do things" and plan to achieve efficiencies and make cost-savings. But little progress has been made so far, she said.

Origins of the Enrollment Decline

Not coincidentally, access to higher education emerged as a major issue in 1978, when the state's current fiscal problems originated with passage of Proposition 13, the tax-limitation initiative. Funding for the community colleges was cut sharply and enrollment dropped a record 12 percent or 162,000 students. But the enrollment loss was wiped out in just two years as most of the funding cut was restored.

Limiting access began to take on a structural form between 1981 and 1984, during a severe recession, when state leaders were seeking to reduce state spending. Governors Jerry Brown and George Deukmejian and the Legislature enacted a series of funding limits, resulting in chronic underfunding of the community colleges that persists to this day. A cap was placed on community college enrollment the state would pay for, general student fees were imposed for the first time, some \$30 million was withdrawn from the colleges to

"defund" certain recreational and avocational classes, and funding of noncredit classes was cut.

As a result, the colleges experienced a 19 percent enrollment decline of 158,000 students over a three-year period. As the state's economy recovered in the late 1980s and tax revenues increased, however, the colleges thrived. A.B. 1725, the colleges reform bill, added \$140 million in extra money over two years. By 1989, the colleges had recaptured virtually all of the enrollment lost between 1981 and 1984, and the system peaked with a record 1,531,900 students in 1991-92. Overall, enrollments soared 20 percent between 1987 and 1992.

Even during those years, however, the enrollment cap was having its effect. The cap is equal to the growth in the adult population, which has averaged between 1.5 and 2 percent statewide in recent years, college officials say. Although the colleges received budget increases in most of those years for cost of living adjustments in employee salaries and other expenses, money for system enrollment growth was limited to 1.5 to 2 percent per year while the actual increase in enrollment systemwide was 4 percent or more.

Under the cap, a local college district can receive full funding of its enrollment growth if the increase in the adult population in its area is comparably high. But in reality, many districts have experienced strong enrollment growth without the population rise, which means their growth has not been fully funded by the state.

Thus, system officials argue, the colleges already had started to see enrollments climb past levels of funding they should have been receiving in the 1980s. The number of students above the cap—those not funded by the state—was rising steadily.

Analyzing the Enrollment Drop

In 1991-92, initial signs of the colleges' present troubles appeared. Although state and

local funds increased by 0.04 percent to \$2.7 billion, only part of that was for growth, and enrollments rose by 1.3 percent. Also, fees were increased for the first time since they were levied initially in 1984. To reduce spending, colleges began eliminating course sections.

The college system also began to use an enrollment forecasting model to estimate the number of students who were "unserved"—those who would likely have enrolled but didn't because of fees, costs, lack of available classes, and related factors.

According to Charles McIntyre, director of research and analysis for the system, the model is designed to estimate the effect of funding and fee changes on community college enrollments, based on historical records. It takes into account such factors as economic conditions, population changes, overall costs of attending college, and pricing levels of other institutions. Variations of the model are used by other college and university systems, and the model has proven reliable in estimating the enrollment losses that the system has experienced in recent years, he said.

Using this model, the state chancellor's office estimates future student enrollment *demand*—that is, the number of students who would attend if funding to accommodate them were sufficient and if fees remained relatively low. It also estimates *actual* future enrollments—the number of students who will attend based on expected funding and fee amounts. Estimates of "unserved" students represent the differences between enrollment *demand* and *actual* expected enrollment.

As Table One shows, the model estimated that 22,000 students were "unserved" during 1991-92, the same year that there was an actual increase in enrollment of 1.3 percent, or 19,000 (based on total head count). This means that an additional 22,000 students—on top of the 19,000 increase—wanted to enroll but could not because of higher fees and course cutbacks. The table also illustrates that the full force of the fee hikes and lack of funding to

meet student demand hit during the next two years, when the estimates of "unserved" students shot up to 98,000 and 140,000, respectively. Actual enrollments also dropped during those two years: In 1992-93, enrollment dropped by 1.5 percent (or 23,300). The 8.8 percent decline in fall 1993 represents a decrease of 132,300 students, the second largest single-year drop in the colleges' history. (This figure represents an estimate based on an annual fall survey of 28 colleges and five large districts. Complete fall head count totals from all colleges were not yet available.)

Systemwide enrollment is estimated to have declined another two percent to 1,356,000 in spring 1994, a follow-up survey showed. This loss of 27,000 students was about 10,000 greater than the normal decline in spring enrollment at the colleges and was due to disruptions from the earthquake at community colleges in the San Fernando Valley area, state officials said.

According to a system report, further evidence of a large body of unserved students—besides the estimates based on the colleges' forecasting model—were the long waiting

lists for openings in classes, especially English, mathematics and basic sciences, after the semester had begun last fall.

"Colleges have been forced to turn away students in large numbers resulting in thousands of California residents failing to receive the education that would better prepare them for the technological age of both today and tomorrow," Jack Scott, president of Pasadena City College, said.

More than half of the two-year enrollment drop was due to the fee increases, the state report said. A survey of students found that most of their reasons for withdrawal centered on costs, including high fees, lack of classes, books, living expenses, and inconvenient class times, which probably related to the need to set aside certain hours for work. Many students also mentioned lack of parking at many of the colleges.

In addition to increasing general fees in 1992-93, the state also removed a long-standing 10-unit limit on classes for which students could be charged. This made it significantly more expensive for students to carry a full schedule of classes. This policy change had the effect of interrupting a multi-year trend

TABLE ONE
California Community Colleges

Year	Change in State/Local Funds	Change in Enrollment		Fee Changes (per credit unit)	Course Sections	Total "Unserved" Students
		Ave. Annual FTEs*	Fall Total Head Count			
1991-92	+ 0.04%	+ 3.0%	+ 1.3%	+ \$1 to \$6	- 5,000‡	22,000‡
1992-93	+ 0.96%	- 2.3%	- 1.5%	+ \$4 to \$10 + \$50/unit for BA/BS†	- 5,000‡	98,000‡
1993-94	- 0.5%	- 4.3%‡	- 8.8%	+ 3 to \$13	- 4,000‡	140,000‡

* Full-time equivalent students. The total includes part-time students.
† Effective in spring 1993.
‡ Estimated.
Sources: The California Community Colleges Chancellor's Office and The California Higher Education Policy Center.

toward more community college students going to school full-time and, consequently, completing college sooner at lesser expense to themselves and the state.

This reduction in full-time students, officials believe, was partly offset by an increase in UC and CSU students enrolling in the community colleges. These students either couldn't find the classes they needed at those universities or chose the community colleges because of their lower costs. But no data are available on their numbers.

In addition, about 54,000 students with bachelor's degrees left the colleges after the \$50 fee was added by the Legislature, which accounted for more than half the total enrollment decline in 1992-93, a system report said. Key legislators and their staff advisers proposed the \$50 fee because they thought it would serve to discourage older adults from taking personal interest classes and make room for more deserving students in academic, vocational or basic skills programs. They and others in the Wilson administration estimated it would have little impact on enrollment and would produce an estimated \$40 million in fee revenue to help ease the state's budget deficit.

As community college officials had predicted, however, enrollment did suffer—41 percent of the students with bachelor's degrees left, and only \$10 million in fee revenue was gained. More importantly, an estimated 25,000 of the 54,000 students who dropped out were not taking "recreational" classes but were engaged in occupational training, according to a chancellor's office report.

At the same time, fees for non-bachelor degree students were raised from \$6 to \$10 per unit. Last year, fees jumped to \$13. Hardest hit by these increases were self-supporting and low-income students, who have traditionally made up most of the enrollment in the heretofore low-cost, open-door community colleges. Most of these students work more than 10 hours a week and earn less than \$12,000 a year, system reports show.

Students in the community college system are 48 percent white, 25 percent Hispanic, 16 percent Asian-American, and 18 percent black. In spite of the larger numbers of white students, "minority students appear to have been impacted by the fee[s] to a greater degree than were white students," a system report said. The reason is that nonwhites tend to have lower incomes and find it harder to shoulder the costs of fee increases, officials said.

For years, the state has been calling for greater efforts to increase low-income and minority enrollments in the two-year colleges as well as the state universities. And the colleges have made significant gains. Between 1987 and 1992, enrollment of blacks jumped nearly 30 percent, Hispanics 67 percent and Asian-Americans nearly 60 percent, compared to a 4 percent increase for whites.

Increasing costs for the community college population means withdrawing hope from first-generation college students, those with lower incomes and those who do not have the discretionary income to pay for career training or retraining.

But the disproportionate decline in these community college students over the last two years means that "recent gains in the enrollment of underrepresented students could be reversed in part by fee increases," a report said.

"It means we are turning away exactly those students," Larry Toy, a professor at Chabot College in Hayward and president of the system's Board of Governors, said. "Fifteen units at \$13 a unit is almost \$200 a semester. For a lot of community college students that is a lot of money. These students are self-supporting. They don't have a family college tradition. They come in and say, 'You've priced me out.'"

Leslie Koltai, an adjunct professor at UCLA and former chancellor of the Los Angeles Community College District, said, "The Robin Hood philosophy of [fee] increases may

COLLEGE OF THE CANYONS

Despite budget shortages, rising student fees and a major earthquake, enrollment demand remains heavy at the College of the Canyons in the booming Santa Clarita Valley, 40 miles northeast of downtown Los Angeles. Classes are taught in every nook and cranny of this small campus in Valencia—in the cafeteria, the library, the faculty lounge, outdoors in good weather. When all the seats are filled in some classrooms, some students sit on the floor.

"We turn away thousands of students every semester," said Dianne G. Van Hook, the college president. In spring 1994, enrollment was about 5,500, but probably could have been twice that if facilities and instructors had been available. According to Shirley Storlie, who works in the admissions office, "Kids stand in line for hours to get a particular class. You hear them saying, 'I hope it's still open, I hope it's open.' Then the computer beeps and the class is closed and some of them practically start crying. It breaks your heart."

Even if College of the Canyons had enough classrooms and laboratories to accommodate the demand, the college's \$15 million operating budget would not have paid for enough instructors to teach the would-be students. In recent years the college has been practicing a delicate balancing act as officials have tried to accommodate as many students as possible despite ever-tightening state budgets. Like many two-year public colleges, College of the Canyons has been enrolling more students than the state will pay for. When this "over-cap" enrollment reached 26 percent several years ago, Van Hook began a vigorous "enrollment management" program.

"The demand was tremendous and there was no way we could meet it," she said. "We were funding the over-cap enrollment out of college reserves. It was clear that if we didn't do something, we would be 40 percent or more unfunded [or over the cap] in five years, which means we would be down the drain."

Van Hook eliminated course sections, laid off part-time instructors and increased class size. Average class size has climbed to 37 and over-cap enrollment has dropped to six percent. The enrollment management effort received some unexpected help last spring when the Northridge earthquake did more than one million dollars of damage to campus buildings, and enrollment dropped 11 percent.

Van Hook, however, expects many of those students to try to return. "Because of the

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work for private schools and perhaps for some four-year state schools because their populations are wealthier and more acculturated to collegiate study. Increasing costs for the community college population means withdrawing hope from first-generation college students, those with lower incomes and those who do not have the discretionary income to pay for career training or retraining."

Most college officials think Governor Wilson's budget proposal for a fee increase to \$30 early in 1993 led many potential students to give up on attending college, fearing costs would be out of reach. "It was sticker shock," Toy said. The \$30 fee proposal was cut to \$13 by the time the state budget was adopted in the summer of 1993, but some students may not have heard about the final \$3 increase or may already have made other plans.

The fee episode underscores how price-sensitive the much poorer community college students continue to be compared to university students, a difference that some policy makers may find hard to appreciate, college officials added.

Financial Aid: Does it Help?

Like their university counterparts, community college students have the benefit of state and federal financial aid, if they meet eligibility requirements based in general on financial need. But available aid has not kept pace over the years with the rise in fees and other costs of going to school. Actually, state funding of grants from the Student Aid Commission was cut the previous two years by the Wilson administration and the Legislature before being increased in 1993-94. In any case, past attempts to blunt the effects of fee increases in the community colleges by providing additional aid have had little, if any, effect on community college students.

In large part, that is because these students do not avail themselves of financial aid as much as they could. At current funding levels, however, there wouldn't be enough state and federal aid for all eligible community college students if all such students applied.

About 60 percent of community college credit students are eligible for aid, system studies say, but only about 27 percent receive it, and the best estimate is that only slightly more than this percentage apply for it. The 27 percent figure jumped from 16 percent after the latest round of fee increases went into effect.

In addition to state and federal aid, low-income students also may obtain waivers of enrollment fees at community colleges, and all eligible students who seek waivers usually receive them. Those obtaining waivers climbed 24 percent to an estimated 370,000 students in 1993-94, officials said, which indicates a big leap in students who could not afford last year's fee increase.

The failure of students to apply for financial aid has its roots in the history of the community colleges. "The colleges have been low-cost institutions and they have felt they could get along with a minimum emphasis on financial aid," Linda Michalowski, who coordinates aid programs in the chancellor's office, said. As a result, many colleges over the years have not concentrated on informing students about aid availability and have not had well-staffed offices to assist the students in applying. Those eligible are mostly low-income, minority students who are not accustomed to seeking financial aid. The paperwork and long lines that confront applicants discourage many of them, Michalowski said. And some students see a stigma attached to obtaining financial assistance and won't apply.

Viar of the Community College League contends that the colleges lack the funds "to support the administration of financial aid and publicize its availability."

The Wilson administration argues, on the other hand, that enough funds have been allocated to the colleges to permit the waiver of all fees that eligible students apply for. Johnson, Wilson's chief deputy legislative secretary, said the administration "has gone to great lengths to have an adequate aid component" within state funds allocated to the colleges.

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earthquake, a lot of students dropped out for a semester," she said. "They lost their jobs or their homes or both, but they'll be back."

Whether they will be able to find any classes in which to enroll is uncertain. Most basic classes like English, mathematics, and the sciences are already full, but there is some room for students in specialized courses such as art, music and drama.

Those who do manage to enroll in classes and remain on campus will find little in the way of student services. Counseling, financial aid and health services have been pared to the bone. Students routinely wait four or five hours to see a counselor.

"Now that students are paying more, they expect more for their money, but we just can't provide it," said counselor Audrey Green. "They are largely on their own."

Van Hook believes the state of California will pay dearly for this short-changing of the community colleges. "It's very disillusioning," she said. "We've cut as much as we can and now we can't respond either to the needs of our students or to requests from the business community for new programs that would help strengthen the state's economy. It seems that California has no vision, no overall strategy for how to get out of this pickle."

—William Trombley

But the colleges haven't always "communicated with students that fees shouldn't hold them back from enrolling," she said.

She conceded that "some students are not enrolling because they have not had to deal with the aid mechanism before" but said the process is easier than in the past.

A system report agreed that financial aid, "if effectively delivered, could partially reduce the impact of potential enrollment losses." The Legislative Analyst's Office declared, however, that "even with sufficient financial aid, higher fees result in reduced enrollments" in the community colleges.

Viar said that "while the governor talks about increases in financial aid, the fact is the increases have not met the greater need."

LASSEN COLLEGE

Even in good times, tiny Lassen College struggled to make ends meet. Located in the remote, thinly populated northeastern corner of the state, the two-year school has waged a continuous hunt for enough students to balance the budget. As state financial support has declined in recent years, the search has grown more desperate.

In addition to traditional academic transfer and vocational programs on its Susanville campus, Lassen College also runs a softball league in Alturas, 100 miles to the north; cosmetology schools in neighboring Nevada; a summer wrestling camp; and special programs for guards at the nearby state prison, Lassen County's most booming enterprise.

Despite these efforts, enrollment dropped dramatically last year. Spring semester enrollment was only 2,788, down from 3,886 the previous year. Only about 800 were full-time students. The college limps along with low salaries, faculty and staff shortages in key areas, and a rapidly deteriorating physical plant.

Larry Blake, the veteran community college administrator who became college president in October 1990, thinks the secret to survival is "distance learning"—carrying Lassen College courses by computer and video to eager learners in rural settings.

"The solution for us is to more adequately serve the population in the district, those who are unable to reach the campus," Blake said. "The way to do that is through "distance learning"—not just videotaped lectures, but modem-delivered instruction to small communities in Lassen County."

Blake thought a fiber optic network and other technological improvements not only would bring college-level instruction to outlying areas, but also would have enabled him to trim the college budget.

"Not as many students would have to come to the campus for traditional classes and laboratories," he said. "Once we got the students out of the way, the faculty wouldn't have to be here, either. They could be 'telecommunicating' with students from their homes and then we would need fewer faculty offices, parking lots and so on." The college has a \$1.75 million federal grant to explore these ideas.

In addition, Blake tried to increase productivity at Susanville. "We are not productive enough," he said, "although the faculty doesn't like to hear that." Blake trimmed the already modest-sized faculty (50 full-time instructors,

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The Lost Students: Who Were They?

A key question is who were the students lost to the fees and underfunding—what classes would the 140,000 unserved students be enrolled in? It is important because the colleges continue to be under pressure to make certain that the highest priority is assigned to transfer and vocational education students. If other students—particularly those enrolled for personal interest—represent the bulk of the enrollment drop, then much less importance will be attached to the decline. And the colleges' case for more funding will be far less persuasive.

The question cannot be answered with certainty, although the assumption is that many are unemployed or marginally employed non-students because in times of recession when joblessness increases, community college enrollments have always swelled with their numbers.

In telephone surveys by the chancellor's office of a sample of districts, most colleges reported large numbers of students on waiting lists to get into classes in spring and fall of the 1993-94 academic year, especially in mathematics, English and certain basic sciences. No specific data are available, however.

A survey of students conducted by the chancellor's office showed that 30 percent of those who withdrew were preparing to transfer to a four-year college or university—by far the largest category among the responses. Another 50 percent were in college for a two-year degree, job-related training or basic skills improvement. Only 20 percent were there for "other" objectives, which would include personal interest.

The Community College League of California also surveyed districts on how they were preparing for leaner budgets in fall 1993. They reported that the biggest curricular cuts were anticipated in transfer and vocational education course sections, which would indicate that these are the students who were affected most by cutbacks.

(Viar said that since transfer classes make up a big part of the instructional program, they are the prime candidates for cutbacks when the curriculum must be reduced. Also, many transfer classes are taught by part-time instructors, who are the easiest to terminate because they do not have permanent-employment status protections against layoffs.)

The Legislative Analyst's Office said the section cuts may have hurt low-income, minority students the most since they often lack experience in coping with the ins and outs of college life. They tend to be "the least aggressive or sophisticated" and the "least likely to compete successfully for the available course openings," its report said.

Another system report, however, showed that the biggest enrollment loss that occurred in spring 1993 was among students with "other" objectives and among those who had no stated objectives. This category probably included many personal interest students.

In the face of these conflicting reports, the only conclusion that can be drawn is that little is known about the thousands of students who have disappeared from the community colleges. Were they potential classics scholars who hoped to transfer to the University of California? Or prospective aircraft mechanics or computer systems operators in search of two-year Associate of Arts degrees? Or middle-aged managers who lost their aerospace jobs and were seeking new skills? Or retired people with a late-blooming interest in the poetry of Keats and Shelley?

Until the colleges know more about the characteristics of these lost students, they will have a harder time persuading the Governor, the Legislature and the public that their loss was really a matter of serious concern.

Personal Interest Students: Still an Albatross?

The Legislative Analyst's Office believes the state still is spending money on community college students enrolled for "personal

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200 part-timers) by five positions and also attempted, with limited success, to eliminate low-enrollment classes and programs.

Blake's proposals displeased many faculty members.

"We were concerned about the president's downsizing policies," said Bernadette Chavez, head of the Liberal Arts Department and president of the faculty union. "He seemed to be cutting liberal arts, math and other academic transfer programs. We were afraid we weren't going to be able to offer a comprehensive program."

Chavez also said faculty members "had a lot of concerns" about Blake's technology proposals. "What kind of quality controls are there on these computer courses?" she asked. "Can students who take them get into good four-year schools?"

Ed Mincher, a science instructor who is president of the faculty Academic Senate, said, "Distance learning might be a good idea, but it's going to be very expensive and we don't know where the money is coming from."

But it probably was President Blake's style—announcing major decisions peremptorily, with little consultation—that angered the faculty more than his specific ideas or actions. An old-school administrator who has run community colleges in other states for almost 25 years, Blake was not comfortable with California notions about "shared governance."

"The faculty distanced itself from the Administration," said Bill Mark, a political science and sociology instructor who has developed several videotape courses for the college (an approach that Blake called "barbaric"). "It became apparent that they were not going to do anything for this president, that they were just sitting back, doing the minimum."

The president fired back, calling the faculty, "the most unprofessional group with which I have ever been associated." He said they were "mired in the sixties with their anti-TV attitudes."

A year ago, faculty and staff members voted "no confidence" in Blake. Last spring, the district Board of Trustees voted not to renew his contract. If "distance learning" comes to Lassen College, Blake will not be there to see it.

—William Trombley

enrichment," money that should be redirected to higher-priority needs such as "providing the basic skills and ESL courses that are crucial for the workforce." In 1993, the office recommended reducing community colleges'

funding by \$35 million, based on a system estimate that personal interest students comprise about 10 percent or 130,000 of total head count enrollment.

The National Curriculum Study, conducted by the Center for the Study of Community Colleges at UCLA in 1991, also found that about 11.5 percent of the curriculum offerings for credit at the California Community Colleges were "personal skills and avocational"

Until the colleges know more about the characteristics of these lost students, they will have a harder time persuading the Governor, the Legislature and the public that their loss was really a matter of serious concern.

courses. This percentage compares to 8.3 percent of such courses in the study's national sample of two-year colleges.

The state chancellor's office defines these courses as those which students take for their "physical, mental, moral, economic or civic development" and which are not taken to obtain degrees or to prepare for transfer. However, as the state has cut or withdrawn funding for such students and classes, colleges say they have shifted most of these students to "community services" programs, which charge fees that are supposed to pay for virtually all of the operational costs.

But most agree that not all of this enrollment has been switched from state-financed to student-paid status.

Mertes said a big part of the problem is that in collecting data on what students are enrolled for, the colleges have not been careful in how they categorized students. "The problem is trying to sort out people's motives for taking a course," he said. "They may check 'personal interest' when filling out a form, but it may be to upgrade skills."

Mertes said he is acutely aware of the funding controversies created, as he put it, by "an attorney's wife taking a language course for a trip to Europe" or "senior citizens taking

physical fitness courses." Other state officials cite students in "rhumba dancing" or "health club" classes. Apparently all receive full state funding, which plainly seems to run counter to state policy pronouncements.

Personal interest students "are not a high priority for us," Mertes said, and "have been pretty much flushed out of the system" through the elimination of such courses over the years and by the colleges setting priorities which favor transfer and vocational education students, he said. But, he added, "when you serve the varied interests of local communities, as we do, you are going to have diversity in the curriculum. It is not going to jibe exactly with state policy and never will."

Although personal interest students comprised some of the enrollment loss, what is known about cuts in academic and vocational courses indicates that a larger number were students training or retraining for careers, or preparing to transfer to a four-year institution.

Funding the Colleges

Enrollment decline in the community colleges does not simply mean depriving students of educational opportunities. Fewer students mean fewer dollars for the colleges and can touch off a downward spiral of enrollments and funding. "The reduction in students will lead to reduced state funds, which will lead to lower real resources, causing further cuts in course sections," Koltai said. Then the cuts in sections cause further enrollment decline and the cycle begins again.

The Legislative Analyst's Office, for example, had proposed that funding of the community colleges be cut \$34 million in 1994-95 because their enrollments have declined. This recommendation, however, was rejected.

The Wilson administration—which budgets money for the colleges in concert with the Legislature—and the chancellor's office are in general agreement that the community

colleges are budgeted more than \$3 billion a year in total funds. The bulk of the money is comprised of local, state and federal funds plus revenue from student fees. However, they use two different figures that are about \$1 billion apart when talking about the community colleges' "budget."

The reason is that although the state Department of Finance (which prepares the colleges' budget for approval by the Legislature) lists all the money the colleges receive from all sources to arrive at a gross funding total, the college system focuses only on funds over which local colleges have direct control in operating the institutions.

The Finance Department's state budget for the colleges, for example, includes millions of dollars in revenue for interest payments on bonds for construction of campus buildings, employee retirement contributions, student financial aid and various grants that cannot be used to run the instructional program. The chancellor's office maintains that only about two-thirds of the \$3.5 billion in the state budget for community colleges can legitimately be considered as funding for operations—salaries for faculty and other nonacademic employees, campus maintenance, purchases of supplies and equipment and other operating expenses. The chancellor's office's "operational" budget for the system is only about \$2.6 billion.

Table Two compares their two totals.

According to the state budget prepared by the Department of Finance, funds for the

community colleges will have increased 8.7 percent from 1990–91 to 1994–95, while the chancellor's office budget shows only a 2 percent increase. The discrepancy in the two percentage increases is explained primarily by a larger rise in funds for what the chancellor's office considers to be nonoperational spending.

For example, funds for interest on bonds and employee retirement contributions together rose by \$36 million during these years and are budgeted to jump 15 percent between 1993–94 and 1994–95 alone. These funds are included in the state budget total but not in the chancellor's office's operational budget.

In 1994–95, the Department of Finance's state budget predicts community college funding will rise 3.6 percent while the chancellor's office expects a 1.1 percent increase. One reason for the larger state budget estimate is a \$17 million jump in bond interest and retirement contributions. Another is a budgeted \$30 million increase in "local miscellaneous" funds, which include grant money, student financial aid and other revenues not contained in the chancellor's office total.

There is also a disagreement over estimates of revenues from property taxes and student fees, which the chancellor's office expects will be \$66 million less during 1994–95 than the state budget calls for. Actually, the Department of Finance contends that the budget contains \$31 million in "growth" money for the colleges during 1994–95, but the chancellor's office maintains that this increase will be more than wiped out by the \$66 million less it expects from property taxes and student fees.

TABLE TWO
Community College Revenues
(In Millions)

	1991–92	1992–93	1993–94*	1994–95†
Dept. of Finance	\$ 3,352	\$ 3,450	\$ 3,472	\$ 3,595
Chancellor's Office	\$ 2,622	\$ 2,639	\$ 2,619	\$ 2,649

* Estimated.

† Projected.

Sources: Department of Finance and California Community College Chancellor's Office.

Department of Finance predictions of community college funding have been off target recently, in large part due to the uncertainty over property tax revenues, which has made fiscal forecasting hazardous. Both 1993-94 and 1994-95 will turn out to be worse financially for the colleges than the Department of Finance had originally estimated. It now figures the colleges will get \$74 million less than budgeted in 1993-94 and \$27 million less in 1994-95 than proposed when Governor Wilson introduced his 1994-95 state budget last January.

In that budget, Wilson also proposed an increase in community college student fees to \$20 from the present \$13 a unit, which would have boosted fee revenue for the colleges by about \$60 million, but the recommendation was rejected by the Legislature, which feared the higher fees would further reduce access.

The state budget that was adopted in 1993 called for what the chancellor's office thought would be about a two percent increase in funding. But it never materialized.

The chancellor's office maintains that Table Three more accurately reflects the funds available to run the colleges—funds which really determine the health of the campuses and their ability to accommodate student demand. It includes revenues and sources over which the chancellor's office has policy control and which are available for general operations of the colleges. (Lottery funds have been added because although the chancellor's office does not include them in estimates of funds over which it has control, they can be used for general operations in many circumstances. The Department of Finance does not compile a separate breakdown of fund sources such as the one the chancellor's office uses.)

Although the 1993-94 figures in Table Three still are considered estimates because revenue totals are not final until all fiscal data for the year are compiled, college system officials believe the final figures will vary little from these estimates.

This table shows that operational funding of the community colleges has remained flat over the past four years. (In fact, it increased only 0.5 percent from 1990-91 to 1993-94, while total state funding of community colleges increased 5 percent.) In 1993-94, operational funding of the community colleges actually dropped—the colleges received \$3 million less than the previous year, a 0.5 percent decline. But those figures don't begin to describe the financial ordeal that campuses went through in 1993-94.

The state budget that was adopted in 1993 called for what the chancellor's office thought would be about a two percent increase in funding—not a large amount but enough to provide some aid to campuses seeking to hold the line against further declines in course offerings. But it never materialized. In fact, the colleges ended up taking a cut.

What happened was this: property tax revenues—one of the main sources of community colleges' funding and the most stable source historically—fell far below estimates in 1993-94. The chancellor's office was forced to revise revenue estimates downward three times during the year, and the colleges had to adjust accordingly by reducing spending or dipping into reserves.

Property tax revenues had started to slip below estimate, the two previous years, in part because real estate values began to fall during the onset of California's recession. But that drop was nothing like the one in 1993-94. By March 1994, revenue had plunged \$58 million below projections and by June the total shortfall in property tax revenue had soared to \$120 million—the equivalent of more than four percent of the system's total operational funding.

Since the biggest part of this revenue drop-off came after spring semester classes had begun, the colleges were unable to cut the instructional program by dropping courses and laying off more instructors, which would have offered the biggest savings. Some campuses, however, may have anticipated the tax shortfall and trimmed back spring semester class schedules.

TABLE THREE
Operational Funding
(In Millions)

<i>Source of Funds</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94*</i>	<i>1994-95†</i>
State General Fund	\$ 1,694	\$ 1,263	\$ 978	\$ 1,107
Local Revenue (Mainly Property Taxes)	844	1,013	1,276	1,366
Fees	84	122	187	176
Loans‡	0	241	178	0
Lottery	76	85	92	92
Totals	\$ 2,698	\$ 2,724	\$ 2,711	\$ 2,741
Increase	+ 0.04%	+ 0.96%	- 0.5%	+ 1.1%

* Estimated.

† Projected.

‡ The interest-free loans were from the state to the colleges with no date set for repayment.

Sources: Department of Finance, California Community Colleges Chancellor's Office, and The California Higher Education Policy Center.

Although systemwide data on exactly what happened are not yet available, it appears that most colleges dipped into budget reserves, imposed freezes on hiring of nonacademic employees and halted purchases of equipment and supplies, according to Joseph Newmyer, the system's vice chancellor for fiscal policy. These midyear moves were necessary, he said, to adjust spending to lower revenue flows and, thus, avoid ending the 1993-94 fiscal year with budget deficits, which are prohibited by state law.

Forced to draw down budget reserves, some colleges reportedly made hasty plans for cuts in spending on programs in 1994-95 in order to generate savings and replenish reserves. Their aim was to make sure that their budget reserves meet minimum-level standards set by the chancellor's office.

The Cabrillo College District in Aptos near Santa Cruz, for example, had to use a big portion of the reserve in its \$28-million budget to get through 1993-94, president John Hurd said. The district then cut \$948,000 and, as the new fiscal year got under way, was seeking to slash at least \$400,000 more from its 1994-95 budget to restore the reserve and meet state requirements.

In adopting the 1994-95 state budget, the Legislature replaced \$56 million of the \$120 million loss in property tax revenue in 1993-94, but it was not appropriated until after the fiscal year ended on June 30, Newmyer said. Thus, the colleges ended the 1993-94 fiscal year with a net \$69 million or 2.5 percent loss in operational funding. Although about half of the \$120 million loss was later erased by the Legislature with its \$56 million supplemental appropriation, the colleges had to make cuts to adjust to the greater loss at the time it was happening.

The bottom line in all of these numbers is that from 1990-91 to 1993-94, the community colleges have received only \$14 million more in operational funds; in effect, state funding has remained flat during this period. And even some of those funds are earmarked for use in special programs, such as assessment and counseling, financial assistance for poor students and opportunities for welfare recipients.

It is also clear that state efforts to fund enrollment growth in the community colleges have not had much impact. Funds designated for "growth" also were included in the

PASADENA CITY COLLEGE

Pasadena City College, a pioneer in the field of two-year college education in California, prides itself on having one of the highest transfer rates for community colleges in the state. Founded in 1924, the college has an academic tradition that attracts students seeking to earn admission to UC, CSU and other four-year institutions and a reputation for providing the sound preparation that tends to assure success. As a result, Pasadena is more like a multi-community college because it draws students from such a wide geographical region.

With state-imposed fees rising and the college's state-financed budget shrinking, however, students are finding that access to Pasadena is getting tighter. The district's budget has remained essentially unchanged over the last three years. Last year, enrollment fell six percent to 22,679, with nearly half of the loss coming among students with bachelor's degrees (who were hit with a new \$50 fee per unit), and the other half resulting from a lack of funding.

Over the last three years, about 80 course sections have been cut, bringing to 225 the number of classes that have been eliminated. Overall, part-time faculty have been reduced, and class size has risen from 29 five years ago to 31 now. Hundreds of students have signed up on waiting lists for classes in English, math and science, which are heavily enrolled with would-be transfer students. The college could easily enroll many more students if it had the money to provide the courses, officials said.

Since state funding has lagged behind growth because of a state enrollment cap, Pasadena has chosen to reduce course sections so that it will only offer the number of classes for which the state will pay. "We were forced into a systematic examination of enrollment choices," said Matthew Lee, an assistant dean. "This whole situation has hurt students a lot by restricting their options."

Numerous cuts were in courses that normally have low enrollments, such as second-year classes that transfer students often take and vocational education classes, many of which have equipment for only limited numbers of students.

But the cuts had to be made, president Jack Scott said. Three years ago, Pasadena enrolled 1,831 more students than the state would fund under the enrollment cap imposed on the community colleges in 1981. That was about 10 percent of the college's enrollment, and the cost of educating those students was about \$5.5 million, for which the college was not reimbursed by the state.

1992-93 budget, but they, too, were largely wiped out when property tax revenue began to fall below projections. And, as was pointed out earlier in the report, growth money only represents additional funding equal to growth in the adult population, which has usually been far below the real growth in college enrollment.

While the funding has been stagnant, the state consumer price index over the last three years has risen approximately three percent annually, costs for goods and services have climbed steadily, and students have continued to crowd campuses—many to be turned away, officials point out.

Where Cuts Have Been Made

The gap between rising costs and lagging increases in state support during this period has forced the colleges to cut spending in parts of the budget to pay for essentials, such as salaries—which make up about 85 percent of their costs—and the rise in costs for health and medical insurance, utilities, and supplies. "We have direct and indirect costs not matched by funding increases," noted David Viar, executive director of the Community College League.

Although the system has no data to show where cuts have been made in spending by colleges, officials say that noninstructional expenditures—on administration, maintenance, campus operations, equipment replacement, and support services such as counseling—were reduced as much as possible before the instructional program was cut.

By reducing course sections, the college has all but eliminated the unfunded enrollment: only an estimated 150 students remained in 1993-94. Thus, the college has been "forced to turn away" as many as 5,000 students, Scott said.

"It didn't make sense to offer classes and get no money for them," he said. "We were growing rapidly even without adding sections because our classes were getting larger."

"If the state wanted us to offer more sections,

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But determining how much money the colleges have actually spent on the instructional program is no simple matter—it is much more difficult than assessing the impact on enrollment. The question is not only whether the colleges have been adequately funded by the state but whether college officials have spent the funds in ways that protected the instructional program as much as possible.

Dianne Van Hook, president of the Association of California Community College Administrators, said that “most colleges cut back everywhere they could without compromising the integrity of instruction.” Mertes agreed that the “colleges across the board attempted to do everything they could to keep classes open and meet [enrollment] demand.”

In the Community College League survey, colleges reported that cuts were planned in part-time instructors, counseling and advising for students, roofing and building repairs, janitorial services, and campus maintenance. Most said money for replacement of instructional and other equipment would be eliminated entirely from budgets. Santa Barbara City College has reported that all funds for equipment repairs were cut from its budget in spring 1994.

A few colleges said they were considering elimination of entire instructional programs, such as nursing, and others said they might attempt to renegotiate bargaining contracts with faculty to pare salaries. The Cabrillo College District eliminated its electronics technology program, which cut 24 staff positions and resulted in the termination of some tenured instructors, president Hurd said.

Mertes cited estimates by the California Postsecondary Education Commission on cost per student for 1993 (displayed as Table Four on page 24) to argue that the community colleges are already relatively efficient with little room to cut spending further.

Mertes also emphasized that the Commission on Innovation, created by the Board of Governors to seek greater efficiency in the colleges and composed mostly of private sector

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it would give us more money. I think it is sending us a pretty strong signal.”

He said unrestricted operating revenues have dropped three percent over the last two years. The cost of employee medical benefits soared 15 percent. At the same time, the cost of goods and services the college buys has risen with inflation, further eroding what the college has to spend on running the campus.

Scott said Pasadena is one of the few college districts to maintain a substantial reserve. It was more than 13 percent in 1992–93 but declined to about 9 percent in 1993–94. The ample reserve protects the college against state funding uncertainties and has enabled the college to avoid bigger cutbacks, he said.

Although upkeep of buildings and grounds was slashed nearly 40 percent in 1993–94, Scott said he has drawn the line on deterioration of the campus. “If you are not real careful, the part of the institution that can’t cry out—deferred maintenance—starts to go,” he said. “I am real committed to not letting it happen. We will keep buildings repaired and painted. If you don’t, it makes the institution a less attractive place and eventually it affects enrollment.”

But despite the fiscal squeeze, the college found about \$389,000 in its 1992–93 budget to grant a one percent salary increase to faculty and other employees. “It was a token of respect to our staff,” Scott said. “We were trying particularly to help faculty, who are handling five percent more students than five years ago, and to reward more productivity.”

To make that pay gesture, Scott said the district “had to cut elsewhere to generate the funds.” Cutting sections trimmed costs. A concerted energy efficiency program saved money. Supplies were curtailed. Reserves were tapped. An early retirement program opened up full-time faculty positions that were filled with lower-paid part-time instructors.

Scott said that after A.B. 1725 produced more funding, “we were floating along well but now we are hitting the end of our rope. I can’t say we are running out of funds but we are on a kind of collision course.”

He insisted that the college has been able to maintain quality of its instructional program but said, “We hesitate to take in more students [without more funding] because then we might lose quality.”

—Jack McCurdy

TABLE FOUR
Cost Per Student

<i>Segment</i>	<i>Unit Cost</i>
K-12	\$ 4,428
Community Colleges	\$ 2,809
CSU	\$ 7,619
UC	\$ 16,418

Source: California Postsecondary Education Commission

executives, "looked at the colleges and dismissed the idea that there was fat in the system or too much administrative overhead." He said the commission concluded that nonessential costs already had been reduced to the maximum extent possible.

After several years of such cutbacks, the "colleges said they couldn't continue" to fund additional enrollment without more funds and "decided they would have to scale down to the level of funding they get," Mertes said. That has meant carving into the instructional program to reduce costs by eliminating some of the part-time instructors and the course sections they teach. "The colleges felt they ate as much as they could in other areas," Viar said.

The impact on the curriculum has been greatest in English and mathematics—basic subjects at all levels that are in high demand. They also are the classes that officials are most reluctant to cut because they are central to the colleges' mission. But since most of the part-time faculty had been hired to teach these high-demand classes, when cuts are made, they necessarily have to be made among the biggest segment of faculty in order to achieve the goal of reducing spending, officials said.

Between 1990 and 1992, the colleges dropped about nine percent or 2,800 of their part-time instructors, system data show. Their numbers were probably reduced again in 1993-94 when more course sections were cut, although figures are not yet available. Virtually no tenured professors have been laid off, but many full-time positions vacated by retirements have gone unfilled temporarily.

"Some colleges cut more [sections] than others but all did something," Mertes said. Based on college estimates, Mertes said about 14,000 sections have been trimmed between 1990-91 and 1993-94. He said his office did not gather data on the section cuts because the reductions were not directed by state policy, but a report is being compiled at the request of the Legislature.

In many instances, colleges have tended to cut smaller classes, which especially hurt the many vocational education offerings that have fewer students because of the equipment limitations, officials said. The colleges' more advanced, second-year courses in the liberal arts, like English literature and logic, also have been affected since they often carry lower enrollments.

Cutting Unfunded Enrollment

The colleges also reduced enrollment for another reason. The enrollment cap which limits state funding of enrollment growth has produced a widening gap between funded and unfunded enrollment.

Even in the late 1980s, when state support of the colleges was more generous, enrollment growth was in the 5 percent range, more than double the average state cap of 1.5 percent to 2 percent, and, as a result, unfunded enrollment grew steadily, according to system reports. By 1991-92, it had reached about 92,000 students statewide, the reports said, and then declined to an estimated 46,000 in 1993-94. Some of this decline was part of the overall drop in enrollment, but in some cases, Mertes and others said, colleges purposely reduced course offerings to shrink the enrollment that was not being funded by the state.

"The drop in enrollments resulted from many districts intending to drop them to stay within the state cap," Viar said.

Jack Scott, president of Pasadena City College, said "it didn't make sense" to enroll students when the state has refused to fund them.

Consequently, Pasadena and some other districts eliminated course sections to reduce the unfunded enrollment.

At the College of the Canyons, in the fast-growing Santa Clarita Valley northeast of Los Angeles, 26 percent of enrollment was "over cap" three years ago when Van Hook, the college president, began a rigorous "enrollment management" program. "The demand was tremendous and there was no way we could meet it," Van Hook said. "We were funding the over-cap enrollment out of college reserves. It was clear that if we didn't do something, we would be 40 percent or more unfunded in five years, which means we would be down the drain."

By increasing class size and limiting course sections, Van Hook has been able to reduce unfunded enrollment to about six percent, although last fall that meant turning away several thousand students. The enrollment management effort received some unexpected help last spring when the Northridge earthquake did more than \$1 million in damage to campus buildings, and enrollment dropped 11 percent.

As a result of efforts similar to these to reduce unfunded enrollment, by spring 1994 nine college districts actually had dropped below the cap, which may be unprecedented, officials said.

There is a limit, however, to how much enrollment the colleges would want to cut because loss of students below the cap means loss of funds, which the state apportions largely on the basis of enrollment.

Cutbacks to Build Reserves

Cutbacks in courses and other areas also have resulted from a more conservative approach to budgeting by the colleges during the last three years, which have been marked by growing uncertainty over the amount of money that the colleges will receive from the state and when they will find out.

As Table Three shows (on page 21), the main sources of the colleges' funding are the

state general fund and local revenues, composed mainly of property taxes. Since Proposition 13 was passed, the state has taken control of local property tax revenues as part of its allocation of total funds to the community colleges, cities, counties and local agencies.

Under the formula used to determine total funding of the community colleges, the revenue from property taxes and other sources such as fees and the lottery are estimated, and an amount of general fund revenue is added to achieve the desired grand total. Over the years, as California land values have risen steadily, property tax revenue has climbed significantly, which has helped to relieve pressure on the general fund to support the colleges. Table Three illustrates how property tax revenues have increased while state general fund revenues have declined.

In many instances, colleges have tended to cut smaller classes, which especially hurt the many vocational education offerings that have fewer students because of the equipment limitations.

While local revenues do show substantial increases during recent years, the increases have turned out to be less than were predicted in planning state budgets because, as recession gripped the state, land values sagged and property tax revenues tapered off. Until recently, predictions of such tax revenues had been highly reliable.

In 1992-93, however, the colleges received \$80 million less than expected from property tax collections and got \$120 million less than they had budgeted for 1993-94. Under the funding formula, the state is not required make up any loss in property tax revenues from the general fund. The colleges must reduce their spending to reflect the lower property tax revenue, which reduces overall revenue. The state's \$56 million offset of the \$120 million loss was unprecedented, and there is no assurance such an act will occur again.

The same is true for revenue from student fees. That revenue has risen sharply as fees have been increased. But the colleges do not benefit because they do not keep the money. The higher fees only allow the state to provide less from the general fund for the colleges. If fewer students enroll and state estimates of fee revenues turn out to be too high, the colleges must make up the loss somehow.

In light of the huge drop-off in property tax revenues in 1993-94, officials are not sure what to expect in property tax revenue in 1994-95. The Department of Finance has estimated \$18 million more than the chancellor's office. The slowdown in this revenue is forcing the colleges to rely more heavily on the state general fund, which many other state agencies also depend on for their revenue. Tax revenues flowing into the general fund, of course, have been shrinking due to the prolonged recession.

Thus, the turn-around in property tax revenues, system officials say, became a significant factor in the underfunding of the colleges in 1992-93 and 1993-94.

This unanticipated decline also caused other fiscal problems for the colleges. It further complicated planning for the level of courses and services needed to meet enrollment demand because the downward adjustments in property tax revenues came midyear—after budgets had been finished and instructional programs were under way.

The colleges already were faced with a high degree of uncertainty over their funding because of the volatility in deliberations about the state budget between Wilson and the Legislature during the last three years and because final approval of those budgets has come so close to the start of the fall term.

These factors made accurate planning extremely difficult. In March 1993, Newmyer wrote, "It is not possible to plan effectively [because] the range of potential revenue for 1993-94 is so large. It is especially difficult to plan when the final budget is not known until after the fiscal year begins." The same has been true in planning for 1994-95.

As a result, some of the estimated 14,000 course sections eliminated over the last three years may have been cut unnecessarily by colleges to make sure their budgets did not run deficits, which are prohibited by state law. Faced with funding uncertainty, some districts over-estimated state revenue losses, cut programs to save funds and built up reserves to prepare for whatever might come.

Overall, Newmyer said, the community colleges seem to have entered a new era of "unreliable, unstable and unpredictable" funding that has left local districts groping for ways to plan for a wide range of eventualities.

The Buildup of Reserves

Over the past several years, many colleges have increased reserves in their budgets as uncertainties over state funding multiplied. Until 1993-94, many districts had boosted reserves by about two percent—on top of the three percent to five percent in reserves that the chancellors' office routinely recommends at fiscal year's end—to guard specifically against unanticipated drops in property tax revenues, Newmyer said.

In 1993, Newmyer stated in a report that "prudence requires that districts cut back on expenditures . . . if they are ultimately faced with a significant cut in 1993-94." As it turned out, they were hit with a major cut.

McCallum of the faculty association said he thinks the chancellor's office, given the doubts about the state budget, advised colleges to plan for considerably less funding than they later received. The result, as it turned out, may have been larger-than-necessary reserves and the elimination of many important classes to save money in the reserves. "I think they overreacted but it's hard to blame them," he said.

Once, during the 1970s, however, the accumulation of big reserves backfired on the colleges. Newmyer recalled that in 1978 the Governor and legislators thought that local com-

munity colleges had accumulated excessive reserves and reduced their apportionments by about \$15 million. But then as now, the levels of funds in college budget reserves have been "primarily prudent," Newmyer insisted, noting that he reviews annual reports on year-ending balances of local college districts and rarely finds any that are unjustifiably large. However, no overall analysis of the ending balances has been prepared by the chancellor's office, he said.

Mt. San Antonio College, in the Los Angeles County community of Walnut, has long maintained one of the largest reserves in the system. In recent years, it has been in the \$15 million range or about 30 percent of income, James Albanese, vice president of business services, said. This large reserve has been maintained to guard against fiscal surprises, such as the sharp drop in state funding in recent years, he said. "The more uncertain things are, the bigger the savings should be," Albanese said. It has enabled the district to avoid severe cutbacks and still honor a contract providing employees with a 16 percent pay raise over three years, which he said would not have been agreed to if the recession had been foreseen.

The hefty reserve also has allowed the district to avoid what would have been a costly need to borrow \$11 million for cash flow purposes because property tax revenues were not received on schedule. Due to these demands, the reserve was cut in half down to seven percent in the 1993-94 budget.

But some districts have had a hard time maintaining their large reserves in the face of faculty and staff pressure for salary raises and increases in benefits and other needs. "Anytime you have reserves, the faculty thinks it's out of their hides and they want the money," said L.H. Horton, president of San Joaquin Delta College, in Stockton. "Politically, it's almost impossible to have reserves."

A year ago, San Joaquin Delta, with about a \$50-million annual operating budget, held almost \$13 million in reserves, business manager Bob Yribarren said, but since then has

committed more than \$7 million to capital outlay projects and has spent another \$1.5 million to eliminate operating budget deficits.

Newmyer noted that in addition to uncommitted funds, reserves also include categorical and restricted funds that are not to be used for emergencies. Many districts have been putting aside more funds to meet rapidly rising costs of employee health and medical benefits.

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Moreover, the future liability for retiree health benefits is a "sleeping giant" that some colleges are just starting to fund adequately in reserves. In both cases, these medical insurance funds are considered restricted money that should not be used for general operations. Therefore, "the reserves are not necessarily as good as they look," Newmyer said.

As it turned out, the buildup in reserves may have enabled many districts to stay solvent during the volatile 1993-94 year.

Equipment and Maintenance Neglected

Although overshadowed by falling enrollments and course cutbacks, instructional equipment and campus maintenance also have suffered serious deterioration from insufficient state funding over the last three years, system officials said. The repair and replacement of instructional equipment and deferred maintenance of campus buildings and grounds are funded in two separate categories by the state, apart from funding for instruction, student services and other college operations. But when cuts were made, these are the areas that budget-writers hit hardest.

Sound, up-to-date equipment is vital because "an educational institution must

provide its students and faculty with state-of-the-art learning and teaching materials," a system report said. "In an era of rapid technological change and growing dependence on machines and computers, it is critical that students and staff work with materials that are in use in the workplace or will soon become part of it."

Instructional equipment money goes primarily for computers, audio-visual machines, vocational education and science equipment and library holdings. But no funds have been appropriated in this category since 1990-91, even though the colleges report they need about \$61 million a year to keep the equipment running or current. During the previous four years, annual funding had ranged between \$20 million and \$35 million in this category. Local districts are required to match state funding on a 25 percent-75 percent basis, but in some cases, districts have been unable to come up with their 25 percent share.

The resulting deterioration, the report said, has allowed libraries to become "iradequate in their capacity to meet—let alone reshape, expand or redirect—the instructional, academic support and information service needs of our students and faculty." And much of the library equipment such as micro-film readers and video machines "is approaching obsolescence."

Each year, the colleges request more than \$80 million for deferred maintenance projects on campuses, but for the last four years the state has provided less than \$9 million annually. This leaves a backlog of at least \$120 million, the report said. The deferred maintenance fund was established in 1982-83 and at first helped to reduce an earlier backlog that had accumulated, the report said. But funding has not kept pace with the need for repairs. "Although some of the colleges were built in the early 1900s, most . . . were built after the 1950s, and the new colleges as well as the older ones have infrastructure which are in need of repair," it said.

For instance, Foothill College in Los Altos Hills won several architectural awards when it

was built in the 1950s, but now its once-handsome buildings are sadly in need of repair.

Most of the repairs systemwide involve mechanical systems, utilities and roofs. Without the needed repairs, "unfunded projects continue to get worse, resulting in more costly repairs when and if they are finally undertaken," the system report said. "If the districts are unable to address their needs, staff and students would be exposed to hazardous conditions, such as leaking gas pipes or falling ceiling tiles, or the facilities may be forced to close."

Meanwhile, the colleges, financed with state bond revenue, continue to construct new buildings, rehabilitate old ones and plan new campuses to accommodate more students. This year, \$424 million in voter-approved bond funds have been available for community college construction.

So far, districts have been able to operate the new facilities, in part because the bond funding includes money for new equipment. But in 1991-92, four districts asked for special funds to equip new buildings, and unless funding improves, more colleges may find themselves in the same situation, Newmyer said.

Conclusion: Colleges Underfunded

By almost any yardstick, then, the community colleges appear to be seriously underfunded. There are various ways of calculating the "funding gap," as the system calls it, ranging as high as \$2.1 billion, which is what the colleges would be receiving under program-based funding specified in A.B. 1725, the reform legislation.

But just to accommodate those students who have left the system or did not enroll because of high fees or lack of classes, the chancellor's office estimates it would require \$300 million more in state operating revenue. That is about 11 percent of current funds.

The Impact on Quality

The impact of funding on the quality of the colleges' instructional program is hard to determine, but here are some measures and how they have been affected:

✓ **Class size: up.**

System data show that as of fall 1992 average class size among the 106 colleges was 30.7 students for each faculty member, which has risen steadily from a low of 27 to 1 in 1983. The average for credit classes was 29 to 1 and for noncredit classes 46 to 1 in 1992.

Although no data are yet available for fall 1993, one system report estimated that average class size has increased about six percent during 1991-92 and 1992-93, which would place it well over 31 to 1.

Mertes said colleges have been increasing class size as a way of enrolling the additional students who want to register even though there is no additional state funding to hire more faculty to handle growth. Many basic and beginning level classes that would normally have about 35 students enrolled, now contain 45 or more, local administrators and faculty leaders report.

Do larger classes reduce the quality of instruction? Research has never answered this question. But many teachers are convinced and others believe that it means less interaction between instructors and individual students and possibly fewer assignments because of the heavier grading demands on faculty.

✓ **Faculty load: same.**

The faculty load currently stands at 17 hours of classroom teaching or nearly six three-unit classes per week. The course loads are negotiated at the district level.

✓ **Faculty workforce: down.**

Full-time faculty declined about one percent in 1992 after increasing for the previous five years. Part-time faculty dropped about

nine percent between 1990 and 1992, the latest year for which data are available.

✓ **Student transfers: down.**

Legislators and other policy makers often look at the number of students who transfer from the community colleges to four-year institutions as an important indicator of quality output by the two-year colleges.

Higher fees and funding shortfalls do seem to have adversely affected transfers. The big majority of community college students who transfer move to the University of California or the California State University, and transfers to Cal State's 20 campuses declined about four percent in 1991-92 and nine percent in 1992-93. The 6,000-student drop over those two years took place after transfers to Cal State had reached a peak of about almost 47,000 in 1990-91. Transfers to the University of California have remained constant at about 10,000 each year.

The decline in transfers to Cal State probably was caused primarily by increased fees and downsizing at state university campuses, a CSU official said, although course cutbacks at the community colleges probably contributed to the decline. Some students chose to remain at community college campuses where fees are lower than those in the CSU system. "Some campuses also reduced the number of lower division students admitted as transfers," she said, because of downsizing to bring enrollments in line with funding levels. But all students seeking to transfer from community colleges into upper division programs were admitted, she added.

In 1991, major state legislation aimed at increasing community college transfers was adopted, reflecting continued dissatisfaction among lawmakers with the seemingly low number of students who transfer to UC or CSU. But state budget shortages have prevented adequate funding of counseling and other activities to implement the new standards and practices that are required under the new law, a legislative staff member said.

In light of the course section reductions in the community colleges, some legislators also are concerned that many second-year liberal arts courses required for transfer have been cut, the staff member said. These courses typically are found among classes with lower enrollments, which have been prime targets for elimination because their per-student costs are higher.

☒ **Instructional equipment: underfunded.**

"The lack of up-to-date instructional materials has a direct impact on the quality of education since most courses . . . require modern equipment to ensure that the skills learned are transferable to the job market as well to other institutions of higher education," a system report said.

In sum, these measures add up to deterioration in quality of the community colleges' educational program, Mertes said, although the extent is difficult to calculate. "When you have certain courses eliminated, equipment not being replaced in an orderly way, supplies being reduced, all because of [insufficient] funding, then quality is going to start slipping," he said. "It comes as a very slow erosion and costs a great deal in order to recover."

William Trombley, senior editor at The California Higher Education Policy Center, assisted with this report.

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